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SUBJECT: BULGARIA: SHORT WINDOW TO COMPLETE "ACTION PLAN"
FOR EU ENTRY

REF: SOFIA 706

Classified By: Ambassador John Beyrle for reasons 1.4 B & D

¶1. (C) SUMMARY: Bulgaria presented its Action Plan to the European Community on June 8 after weeks of collaboration to identify the most important weaknesses that threaten its 2007 entry. The government has until mid-July's first draft of the EC report to make real progress and begin swaying opinion in Brussels and Member States. All observers agree organized crime and corruption are the most deficient areas, and that Bulgaria needs to succeed both substantively and in terms of presentation. The GOB's move to require government officials to fully disclose assets, progress in efforts against money laundering, and measures to establish greater independence for the judiciary are helping Bulgaria make its case. The USG needs to continue to press the Bulgarians to come up with concrete successes against criminals and corrupt officials, while telling Brussels and the Member States that more can be done to shore up Bulgaria - and therefore the EU - once they are in the club. END SUMMARY

FINAL EFFORTS TOWARDS ENTRY; TIME RUNNING SHORT

¶2. (C) After close coordination with the European Commission, the Bulgarian government approved an "Action Plan" June 8 which outlines the steps they believe necessary to ensure entry in January 2007. Minister for European Affairs Meglena Kuneva told Ambassador Beyrle the same day that she had worked closely with the Commission to identify priority areas and come up with concrete goals, but that the window for making improvements is very short. Although September 7 now appears to be the final cutoff date for accomplishments to be fully considered in the EC's report, the first draft will be completed by July 14. Kuneva believes most of Bulgaria's real efforts need to occur before that deadline. This gives Bulgaria essentially five weeks to show substantial movement on the most serious "red card" areas listed by the EC in its May 16 (reftel.) However, press reports lend some hope to Bulgaria's case. According to Reuters on June 9, an EC preliminary report stated "the European Council remains convinced that, with the necessary political will, both (Romania and Bulgaria) can overcome the deficits . . . (to accede on) January 1, 2007."

RED CARD AREAS FOR IMPROVEMENT

¶3. (C) In discussing the specifics of the Action Plan, Kuneva said she was most concerned about increasing transparency in the GOB's law enforcement efforts, particularly the links between money laundering and organized crime, corruption, and the EC's request for a report on contract murder investigations. She is comfortable that most of the technical issues will be accomplished in time, and thought that the remaining agriculture issues will be resolved. Kuneva pointed to the cooperation of the Central

Bank in signing off on modifications to the Bank Secrecy Law, which will allow government access to information that will assist prosecutors.

14. (U) The EC has said Bulgaria must step up its efforts in several areas. The GOB's action plan outlines measures to be taken in the following areas:

Corruption:

- Amend public disclosure laws for politicians, judges, and public servants, putting all information on the Internet after review by the National Revenue Agency;
- Draft lobbying legislation to improve transparency of the legislative process;
- Strengthen financial reporting procedures of the political parties;
- Improve capabilities of the Inspector General and the National Audit Office.

Organized Crime and Money Laundering:

- Increase Financial Intelligence Agency (FIA) staff by 10;
- Strengthen inter-agency cooperation between the FIA, police and prosecutors;
- Establish Financial Crimes units within the Ministry of Interior and the Prosecutor's Office;
- Amend legislation on money laundering to bring in line with EU acquis;
- Draft a police training plan for financial crimes;
- Strengthen police units working on contract killings;
- Improve regulation of private security firms and gun licenses.

Judicial Reform:

- Review new Criminal Procedure Code;

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- Institute random case assignments to judges;
- Approve Civil Procedure Code;
- Tighten ambiguities in constitutional amendments regarding independence of the Judiciary.

Agriculture:

- Establish land parcel identification system;
- Contract for rendering collection and treatment plant;
- Complete veterinary border inspection posts.

Financial Control:

- Begin certifying internal auditors;
- Financial Management and Control training of mayors and regional officials;
- Improve coordination between the government and NGOs in structural fund management.

Energy:

- Guarantee the irreversible closure of Kozloduy Units 1 to 4, including beginning the process of dismantling Units 1 and 2, and amending the licenses for units 3 and 4 to allow only storage of spent nuclear fuel.

15. (C) Kuneva feels the problems are manageable. She told Amb. Beyrle a large part of the problem is perception - particularly in the area of organized crime. Bulgaria, she indicated, continues to suffer from the perceived lack of commitment by Interior Minister Petkov exhibited during previous monitoring missions. Kuneva is focusing her efforts on internal planning and working with the EC rather than the Member States; she observed wryly that "begging" for entry now in EU capitals is not a strong tactic. Kuneva stressed that Bulgaria needs to give the impression of being more cooperative with the EU and to show that it understands the need to follow the rules if it wants to join the club.

16. (C) Beyrle told Kuneva we will continue to accentuate the positive - including several recent U.S. business initiatives - but also need to see concrete success in areas such as money laundering. Kuneva asked that the Ambassador and other

U.S. officials help her educate her own colleagues on the need to be cooperative and positive, and to dispense with cynical attitudes about the process. Kuneva said that if Bulgarians feel the changes are necessary only to please Brussels, they will create a Potemkin village and will not take the efforts necessary for real progress. She asked the Ambassador's assistance in ensuring cooperation from all ministries in meeting EU goals.

RACE WITH ROMANIA

17. (C) Beyrle asked how Kuneva would measure Bulgaria's progress against Romania's. Kuneva conceded that Romania is doing a better job of selling their fight against organized crime than Bulgaria, in large part because they have a "brilliant" and transparent law. She said externally Bulgaria is already being compared to Romania in every aspect, but did not comment on whether Bulgaria could be separated from Romania on the final decision of entry. (In late May, EC Ambassador to Bulgaria Dimitris Kourkoulas told us that it was unlikely the two countries would be separated. However, if problems were exacerbated here, and the EU decided to send a message to its restless public, Bulgaria could become a scapegoat and be delayed, Kourkoulas said.)

SAFEGUARD CLAUSE: NO LONGER LIKELY?

18. (C) Beyrle asked how the government would react if the decision to admit Bulgaria in 2007 came with an "asterisk" in the form of a safeguard clause or monitoring mechanism. (PM Stanishev and other Bulgarian officials have been quoted as warning that such "conditional" accession would relegate Bulgaria to an unacceptable second-class-member status.) Surprisingly, Kuneva said she felt that the EU was increasingly disinclined to condition the accession of Bulgaria or Romania. A safeguard clause would be a de facto admission that Bulgaria and/or Romania were being admitted under relaxed standards, she said -- something highly inadvisable in the current climate of enlargement skepticism among some EU member states.

BULGARIAN POLITICS OF ENTRY

19. (C) Currently, almost all Bulgarian political parties are united in their desire to obtain 2007 entry - even those parties that might be able to capitalize in the short-term if there were a decision to delay. Kuneva told us that the current three-party coalition would remain together if Bulgaria enters in 2007. The head of the NMSS party, former

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PM Simeon Saxe-Coburg Gotha, is a man of his word, said Kuneva (herself a member of the NMSS.) Plus, his party needs the coalition to survive - early elections could be disastrous for the NMSS.

COMMENT

10. (C) We agree with Kourkoulas's comments that the Bulgarian Action Plan is "well-prepared, reasonable and feasible," but clearly there remains much to do in a very short time - even if Parliament and the government cut short their summer vacations, as seems to be the plan. Accordingly, the government appears to recognize that the EU won't be bought off by promises or semantics this time - they need to take concrete action. An effort is currently underway to make fast progress on the first anti-corruption goal -- full, public disclosure of assets by government officials -- and we also expect further legislative changes before September establishing greater judicial independence. The agriculture requirements are largely technical issues that can easily be accomplished by fall, in the view of most

observers. That leaves organized crime and money laundering as the perennial toughest nuts to crack. Our own efforts to push for indictments on money laundering through better cooperation in the Bulgarian interagency process are beginning to show the first slender signs of progress (septel to follow with more detail on that.) This could result in something more substantial by the fall, and we will keep bearing down on the money laundering front to that end.

¶11. (C) Our private messages, meanwhile, need to remain consistent:

-- to the Bulgarians, that only substantial, measurable progress in stemming organized crime and corruption count, at this now-or-never climax of the process;

-- and to the Europeans, that Bulgaria's weaker points will be remedied more effectively through membership in the EU than during an extra year left waiting by the door.
Beyrle